



# ***Presentation to the Health Care Cabinet Business Plan Work Group***

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1



## **Northeast Business Group on Health**

- Network of employers, providers, insurers and other organizations working together to improve quality and reduce the cost of health care in NY, NJ, CT and MA
- 175 members including American Express, Citi, Goldman Sachs, CBS, Pitney Bowes, City of New York, Columbia University
- Employer representation is predominantly large, national, self-insured employers
- Focus is on education, quality improvement and health policy
- Unique combination of stakeholders allows NEBGH to launch major quality initiatives requiring collaboration between health plans and other stakeholders
- One of 56 business coalitions around the country



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2

## NEBGH Members



## Employers' Role in Healthcare "Follow the Money"

- Employment-based system
- Outside of the government, employers are the largest group purchasing healthcare in the U.S.
- Cover more than 160 million working Americans
- General Motors
  - \$5.6 billion dollars on healthcare this year
  - \$1525 of each car made
- Senior executives name healthcare costs as the number one cost pressure facing them in their leadership of America's largest companies
- Threatens to erode global competitiveness of US Corporations
  - Leading to shift in activities overseas



# What Do Employers Do?

- Sponsor Health Benefits – Create Risk Pool
  - Coverage – eligibility, ‘medically necessary’, cost sharing,
  - Funding: self-funded (employers assume risk) or premiums
- Manage ‘Supply’ Side: Part of Companies’ Supply Chain
  - Procurement: choice of health insurer, risk contracting
  - Value-Based Purchasing
- Manage ‘Demand’ Side: Population Health
  - Education
  - Population Health: health promotion, disease management
  - Incentives: deductibles, co-pays vs. cost sharing, ‘value-based design’
- Influence Policy and System As a Whole



## Demand: Population Health Management

- Predictive modeling
  - Who are the people today that will cost the most and be the sickest tomorrow?
- Risk management: Keep the low risk people low
- Incentives and rewards
- Evidence-based benefit design
- Consumer-driven health plans/HSAs
- Create a culture of wellness within the company
- Focus on the health of each employee (behavior change)
- Actively managing healthcare



## Supply: Value-based Purchasing Measure, Report, Reward, Lead

Five Pillars:

1. Standardized Performance Measurement
2. Transparency and Public Reporting
3. Payment Reform
4. Informed Consumer Choice/Activation
5. Purchaser Leadership and Action

Accelerating the pace to the Ultimate Goal:  
Health and Health Care Improvement



## *Standardized measurement*

- **The Foundation of VBP**
- Need to measure both **effectiveness** of medical services and **performance** of providers
- Need to measure **clinical quality, patient care experience, health status outcomes and efficiency**



## ***Transparency and Public Reporting***

- Public has **right to know**
- Public reporting **leads to improvement!**
- **Translation** of performance information for consumers a challenge
- Public reporting alone has not led to significant **market shift** to high performance services and providers



## ***Payment Reform***

- **Tallest mountain to climb**
- **New payment methodologies** needed in direction of **global/bundled payments**
- **Differential reimbursement by performance**
- Greater balance between **primary care vs. specialty care**



## ***Informed Consumer Choice***

**The Goal: To influence the individual consumer to make informed choices at many levels:**

- to live a **healthy lifestyle**
- to seek **preventive services** and **care when sick**
- to share in, and make the best, treatment decisions
- to **comply** with treatment regimen and **self-manage**, particularly chronic disease;
- to **select** a high value plan, hospital, physician



## ***Informed Consumer Choice***

- Area of **greatest influence** for employers;
- Change the **entitlement mentality**;
- Focus on **front end of health**;
- Establish a principle of **self-responsibility** but with robust support
- Support strategy must include creative mix of **financial incentives, peer support, timely information, coaching/counseling**



## Employers in the Driver's Seat

- Leapfrog: Hospital Quality
- Bridges to Excellence: Physician Quality and Pay for Performance
- eValue8: Health Plan Quality
- Patient-Centered Medical Home: Physician Payment Reform
- Catalyst for Payment Reform: Payment Reform
- Hannaford Brothers
- Pitney Bowes
- Dow



## The Leapfrog Group

- Created by employers (IOM Report)
- Focused on patient safety in hospitals
- Hospitals voluntarily complete survey indicating performance in:
  - CPOE (computerized physician order entry)
  - ICU Staffing
  - High Risk Treatments
  - Safe Practices
- State of Maine



## Bridges to Excellence

### (Healthcare Incentives Improvement Institute)

- Mission: Provide incentives that reward physicians and practices for adopting better systems of care that result in physician practice reengineering, the adoption of health information technology and delivering good outcomes to patients.
- BTE Programs:
  - Asthma, diabetes, cardiac, hypertension, coronary artery disease, congestive heart failure, COPD, spine, physician office systems and medical home
- Used by health plans and employers
- Created by GE



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15



## eValue8

- RFI (request for information) for health plans
- Used by coalitions and employers nationwide
- Results are scored
- Publicly reported in some markets
- Site visit meeting with every plan to review results



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16





## eValue8 Evaluation Areas

- Profile
  - Collaboration, healthcare disparities
  - Health Information Technology
  - Value-Based Plan Design
- Consumer Engagement
- Provider Measurement and Medical Home
- Health Promotion and Prevention
- Chronic Disease Management (diabetes, heart disease and back pain, COPD)
- Behavioral Health
- Pharmaceutical Management



## Genesis of Patient-Centered Medical Home

"It started about three years ago with a discussion around my boss' swimming pool. We were talking about the things large employers had done (to control health care costs and improve quality) and realized that we were not addressing the fundamental issue...that the primary care system is broken."

Paul Grundy, MD, Director of Health Care Technology and Strategic Initiatives,  
IBM



## Patient-Centered Primary Care Collaborative

- 2005: IBM began to question the very foundation of the healthcare it purchased for its employees, and reached a significant conclusion: when compared to other industrialized countries, U.S. healthcare fails to deliver comprehensive primary care because of the way primary care is financed.
- 2006: Patient Centered Primary Care Collaborative was created when approached by several large national employers with the objective of reaching out to the ACP the AFP, and other primary care physician groups in order to:
  - Facilitate improvements in patient-physician relations
  - Create a more effective and efficient model of healthcare delivery
- To achieve these goals, the Collaborative became one of the major developers and advocates of the patient-centered medical home (PCMH) model in America.

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19



## Catalyst for Payment Reform

***"The amount of talk today is disproportionate to action - for all the papers, speeches and conferences, less than 3% of payments to doctors and hospitals have anything to do with their performance."***

Robert S. Galvin, MD, Equity Healthcare

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20



## Catalyst for Payment Reform

- CPR was formed in January 2009 due to widespread agreement that the current payment system creates a significant barrier to improving the value of health care in the U.S.
- Toolkit for purchasers
  - Health plan RFI language
  - Model contract language



## Hannaford Brothers

- Healthy behavior credit (\$20 per week)
  - Complete HRA
  - Tobacco Free
  - Required disease management and health promotion
- Only paying for minimally invasive surgeries (where indicated)
- Medical Tourism



## Pitney Bowes

“To improve the bottomline, it’s easier to actively manage healthcare than to sell more products in such a competitive market”

» Michael Critelli, Former Chairman & CEO, Pitney Bowes



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23



### Pitney Bowes: Value-Based Benefit Design

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- Value equals the clinical benefit for the money spent
- Value-based benefit packages adjust patients' **out-of-pocket costs** for health services on an assessment of the clinical benefit to the individual patient, based on population studies
- Thus, the more clinically beneficial the therapy for the patient, the lower that patient's cost share will be. Higher cost sharing will apply to interventions with little or no proven benefit



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24

24



# Dow

Dow Medical Director's bonus is based on the health of the Dow employee population



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25



## Long Term Cost Control

- Ultimately about having a healthy population
- System with everyone working toward that goal: employers, consumers, providers, health plans.
- Everyone is paid on the basis of their ability to keep people healthy
- Consumers are incentivized to engage in healthy behaviors
- Back to .....Value-based purchasing



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26